

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	1-2
PROGRAM OFFICE RESPONSE	2
FINDINGS AND RECOMMENDATIONS	
Casefile Documentation	2-3
Day Care Centers – Record Retention	3
Licensed Day Care Homes – Record Retention	3-4
Recommendations	4

## **INTRODUCTION**

The Office of Internal Audit performed an audit of Day Care Providers located throughout the State of Michigan who submitted billings to the Family Independence Agency (FIA) for the period October 1, 2001 through July 30, 2002. These providers included Licensed Day Care Centers, Licensed Family Day Care Homes, and Relative Day Care Homes. The objectives of our audit were to determine if the billing systems of these day care providers were adequate to support the amounts they billed to FIA, and if the FIA local/district offices had adequate documentation that the clients were eligible for day care services.

## **SCOPE**

We reviewed attendance records, billing reports, and any other documentation maintained by the day care providers to support their billings. We also reviewed case files at the FIA local/district offices to determine if they contained documentation to support the customer's eligibility for the amount of day care services provided for the test period.

Our sample included day care providers and customers located throughout the State.

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that the Licensed Day Care Centers generally had adequate documentation to support their billings. Seven of the 30 Licensed Day Care Homes and Relative homes did not retain attendance records or other documentation to support hours billed.

We also noted that in some instances Day Care documentation was missing in the case files maintained at the FIA local offices.

In addition, we concluded that FIA did not have adequate controls in place to ensure that providers billed only for actual hours of care provided, or to ensure that clients accessed day care services only for the purposes for which the service was intended (i.e. work, school, etc.)

## **PROGRAM OFFICE RESPONSE**

The Program Office did not respond to our draft report.

## **FINDINGS AND RECOMMENDATIONS**

### **Casefile Documentation**

1. FIA local/district office case files did not always contain all the required forms and information to document eligibility for day care payments authorized. We reviewed 351 day care cases at local and district offices throughout the state. We found the following:

28 - cases could not be located

30 – missing FIA-4583, Day Care Application

28 – missing FIA-4577/FIA-38, Employment/Education Verification

12 – missing FIA-4025, Verification of Day Care Hours

1 – missing FIA-4661, CIS Clearance Form

1 – case transferred to another county

9 – no day care information was located in the case

Adequate documentation of day care eligibility and support for hours of day care authorized is necessary to ensure that day care payments made are accurate and appropriate.

WE RECOMMEND that the Field Services Administration remind specialists to ensure that documentation for Child Development and Care Services is retained in the case files.

#### Day Care Centers- Record Retention

2. We visited 11 Day Care Centers and found that 6 of the providers did not properly bill for the hours of care provided. The following exceptions were noted:
  - 4 – centers did not maintain attendance records that record the time the child arrived and left the center.
  - 1 – center did not bill accurately. They billed more hours of care than their records documented for 26 children and less hours than documented for 44 children.
  - 1 - center billed less hours than documented for 75 children.

WE RECOMMEND that the Service Delivery Administration instruct the Day Care Providers to document attendance by having the parents sign the child's name, date, time in and time out whenever possible. Day care provider staff should record time in and out for each child when the parents are unable to do so.

WE FURTHER RECOMMEND that the Service Delivery Administration remind Day Care Providers that they need to bill correctly for hour's children were in their care.

#### Licensed Day Care Homes-Record Retention

3. We visited 30 licensed day care homes and relative homes and found the following exceptions:
  - 7 – providers did not maintain attendance records to support the hours billed
  - 1 – provider charged 10 hours for the Memorial Day holiday for 7 of the 12 children, however, the center was closed for the holiday.

- 1 – one provider was disenrolled due to suspected fraud
- 3 – providers did not use the Child Day Care Billing/Attendance Invoice (FIA-105) to report hours of care.
- 1 – provider billed more hours than were recorded on the attendance sheet.

WE RECOMMEND that the Service Delivery Administration remind the Day Care Providers that they must maintain attendance records for children who were in care and bill for actual hours of care provided.

WE FURTHER RECOMMEND that the Service Delivery Administration remind the Day Care Providers that they must use the Child Day Care Billing/Attendance Invoice (FIA-105) to bill for hours of care.